

HB 1743: ADDRESSING PREVAILING WAGES FOR THE RESIDENTIAL TRADES

What does HB 1743 do?

Reestablishes Surveys for Residential Wage Rates

The new legislation restores the methodology for setting prevailing wages for the residential trades to one based on surveys, which was the process prior to SB 5493's passage in 2018. HB 1793 requires the Department of Labor & Industries (L&I) to conduct surveys of the 20 residential trades every five years. L&I expects to issue the first surveys in the middle of 2019.

Directs L&I to Immediately Set "Interim" Wage Rates

To respond to the urgent need to fix the rates that went into effect in 2018, the legislation sets out a formula for determining interim rates. *80% of residential wage rates will see a decrease, averaging a 40% reduction from current rates.*

Improves the "residential construction" definition

Under HB 1743, residential construction includes weatherization and home rehabilitation programs for low income homeowners, homeless and domestic violence shelters and affordable housing construction even when a community space or office for service delivery is included.

How does the interim methodology work?

New Interim Rates for Affordable Housing Developers

HB 1743 created an interim methodology to adjust the rates while L&I conducts surveys. Generally, HB 1743 returns the residential prevailing wage to the pre-SB 5493 rates and adjusts them with an inflation factor since many of those wages had not been adjusted for years.

There are two main scenarios for interim rates:

1. Trades based on survey wages prior to SB 5493 (80% of trades)

For trades that were based on a survey and had gone unchanged since that time (most not since 2007 or 2010), the wage will revert to the pre-SB 5493 wage rate plus an inflation factor.

Residential Trade	SB 5493 Wage (8/31/2019)	Pre-SB 5493 Wage (8/30/2018)	BLS Inflation Factor	Interim Wage (Estimated)
Yakima County: Carpenter	\$42.98	\$17.14	13.67% (last survey in 2010)	\$19.48
Spokane County: Cement Mason	\$43.20	\$23.67	29.19% (last survey in 2007)	\$30.58

2. Trades based on a collective bargaining agreement prior to SB 5493 (20% of trades)¹

Prior to the implementation of SB 5493, L&I used CBAs to update residential wage rates. In cases where the last survey found the CBA rate to prevail, L&I updated the wage rate for that trade to reflect changes in the underlying CBA before and after SB 5493. These rates will continue to be based on the CBA rate until the new surveys are completed.

Residential Trade	SB 5493 Wage (8/31/2019)	8/30/2017 Wage Rate	Pre-SB 5493 Wage (8/30/2018)	Interim Wage (Estimated)
King County: Soft Floor Layer	\$49.43	\$45.86 (based on a CBA)	\$47.61 (based on a CBA)	\$49.43 (based on a CBA)

When will wages be adjusted with the survey methodology?

Interim Rates: Within 30 days

L&I must issue interim rates prior to May 17, 2019, however, they are expected to release them much sooner. Once the wage rates are published, they will go into effect 30 days later.

New Survey-Based Rates: February 2020

L&I expects to release new surveys for residential rates in the middle of 2019 and to use the results to set new residential wage rates effective February 2020.

¹ Based on preliminary interpretation from L&I. Other scenarios where a new residential CBA rate was adopted on 8/31/2019 may occur.